

IRS TAX TIP 2004-48

CREDIT FOR THE ELDERLY OR THE DISABLED

You may be able to take the Credit for the Elderly or the Disabled if you are age 65 or older, or if you are retired on permanent and total disability, according to the IRS. Like any other tax credit, it's a dollar-for-dollar reduction of your tax bill. The maximum amount of this credit is \$1,125.

You can take the credit for the elderly or the disabled if:

- You are a qualified individual,
- Your adjusted gross income is less than \$12,500 to \$25,000 (depending on your filing status), and
- Your nontaxable income from Social Security or other nontaxable pension is less than \$3,750 to \$7,500 (also depending on your filing status).

Generally, you are a qualified individual for this credit if you are a U.S. citizen or resident at the end of the tax year and you are age 65 or older, or you are under 65, retired on permanent and total disability, received taxable disability income, and did not reach mandatory retirement age before the beginning of the tax year.

If you are under age 65, you can qualify for the credit only if you are retired on permanent and total disability. This means that:

- You were permanently and totally disabled when you retired, and
- You retired on disability before the end of the tax year.

Even if you do not retire formally, you are considered retired on disability when you have stopped working because of your disability.

If you are under 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired. You do not have to file this statement with your tax return, but you must keep it for your records.

Use Schedule R, Form 1040, or Schedule 3, Form 1040A, to compute the credit. You cannot take the credit if you file Form 1040EZ.

For more information, see IRS Publication 524, "Credit for the Elderly or the Disabled," which you may obtain from the IRS Web site at www.irs.gov or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

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